January 05, 2026

Avenue Supermarts Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial Paper Programme	300.0	500.0	[ICRA]A1+; reaffirmed and assigned for enhanced limits
Total	**300.0**	**500.0**	

**Instrument details are provided in Annexure I*

Rationale

The rating for Avenue Supermarts Limited (ASL) derives strength from it being one of the largest organised food and grocery (F&G) retailers in India, operating retail stores under an established brand name of DMart. The rating favourably factors in ASL's large supply chain network, strong procurement abilities and competitive pricing, which have resulted in healthy footfalls and steady gross margins. Its operating efficiency are evident from its healthy revenue per square feet (sq. ft.) and steady same store sales growth (SSSG) of 7-9%, despite regular store and retail space additions. The financial risk profile of ASL remains robust, characterised by low leverage, healthy debt coverage indicators and strong liquidity position.

ASL (consolidated) has witnessed healthy revenue growth, recording a compounded annual growth rate (CAGR) of 20% between FY2019 and FY2025 to Rs. 59,358 crore in FY2025, driven by store additions and healthy SSSG. At the standalone level, more than 77% of revenues in FY2025 were driven by essential products, where demand is largely inelastic. Driven by ASL's 'Everyday Low Cost/Everyday Low Price' (EDLC/EDLP) strategy and a strong supply chain management, ASL's gross margins have remained steady at around 15% and operating profit margin (OPM) range-bound at 7-8% over the past six years. ICRA also notes that the company's owned store platform results in reduced rental expenses.

ASL's store network has grown significantly, with the total count of 432 stores spread across 17.9 million sq. ft. as on September 30, 2025. The company follows a cluster-based expansion strategy, i.e., opening multiple stores within a specific geography to maximise its operational efficiency and brand presence, before expanding to new regions. ASL is expected to continue the accelerated store opening in the near-to-medium term. In the offline space, it plans to open 10-20% of the base number of stores every year, which is expected to result in healthy revenue growth. Low penetration of organised retail in the Indian F&G space further augurs well for the growth prospects of ASL. Effective management of new stores in new geographies and their timely breakeven will remain a key monitorable. Further, the availability of commercially viable real estate properties at the right price and location remains a challenge. To complement the offline store presence, ASL launched its e-commerce arm, D Mart Ready, in FY2014. ICRA notes that this venture is currently loss making, thereby necessitating regular funding support. Nonetheless, ASL's calibrated expansion approach in this business to reduce the cash burn helps mitigate the concern to some extent.

ASL's financial risk profile is expected to remain healthy over the medium term, driven by its strong cash flows, healthy net worth position along with limited reliance on external debt. The coverage indicators have remained healthy with total debt to operating profit before depreciation, interest, taxes and amortisation (OPBDITA) and interest cover of 0.3 times and 39.1 times, respectively, in H1 FY2026 against 0.2 times and 64.7 times, respectively in FY2025.

ICRA notes that there is intense competition from the unorganised segment, particularly from brick-and-mortar kirana/local stores along with growing competitiveness from the quick commerce segment.

Key rating drivers and their description

Credit strengths

Leadership position in the Indian organised F&G retail industry, with an established brand – ASL is among the leading players in the organised Indian F&G retail industry, offering a wide range of products across foods, non-foods (fast-moving consumer goods [FMCG]) and general merchandise and apparel categories and is operating retail stores under an established brand, DMart. Mr. Radha Kishan Damani, along with his family members, launched ASL's first supermarket store in Mumbai, Maharashtra in 2002. Over the years, ASL's store network has grown significantly to 432 stores, spread across 17.9 million sq. ft. as on September 30, 2025. The operations of the company are supported by a network of 75 distribution centres and 10 packing centres as on March 31, 2025.

Strong operating model, healthy return indicators – The company's strategy is to offer its customers good quality products at great value, based on the EDLC/EDLP principle. Coupled with its large supply chain network and strong procurement abilities, this has resulted in competitive pricing, translating into healthy footfalls and steady gross margins. Its strong market position and operating efficiency are further evident from its increasing revenue per sq. ft. of Rs. 33,896 in FY2025 from Rs. 27,306 in FY2021, high inventory turnover and steady SSSG of 7-9%, despite regular store and retail space addition. ASL has witnessed a healthy growth in its revenues over the last four years, with a total operating income of Rs. 59,358 crore in FY2025, depicting a YoY growth of 17%. This was driven by store additions, along with expansion in e-commerce through its platform, D-Mart Ready. ASL's gross margins have remained steady at around 15%, which coupled with the company-owned store platform (resulting in reduced rental expenses), led to range-bound OPM of 7-8% during the last five years. The return on capital employed (RoCE) also remained satisfactory in the range of 20-22% over FY2023 to FY2025.

Robust financial risk profile, strong liquidity position – ASL's financial risk profile remains robust, driven by its strong cash flows, healthy net worth position along with limited reliance on external debt. The net worth position of the company remained strong at Rs. 22,889.6 crore as on September 30, 2025 (at the consolidated level), driven by healthy profits. Against this, it had total debt of Rs. 1,609.2 crore (comprising lease liabilities of Rs. 1,344.2 crore and working capital debt of Rs. 265 crore) as on September 30, 2025. With limited reliance on external debt, the capital structure and debt coverage indicators of ASL have remained strong. The gearing of the company stood healthy at 0.01 times as on September 30, 2025 with total outside liabilities/tangible net worth of 0.2 times, which remained stable over the FY2019 to H1 FY2026. Moreover, the coverage indicators also remain robust with total debt vis-a-vis OPBDITA and interest cover of 0.3 times and 39.1 times, respectively, in H1 FY2026, against 0.2 times and 64.7 times, respectively, in FY2025. ICRA expects ASL's financial risk profile to remain healthy going forward too. The liquidity position remains strong, underpinned by large cash flows, available cash and bank balance and liquid investments and unutilised bank limits.

Credit challenges

Exposure to intense competition – The organised F&G space in India faces intense competition from unorganised players, particularly from brick-and-mortar kirana/local stores along with growing competitiveness from the online players such as Blinkit, Big Basket and Zepto, among others, where DMart has limited presence. To complement the offline store presence, ASL launched its e-commerce arm, D Mart Ready, in FY2014. ICRA notes that this venture is currently loss-making, necessitating regular funding support. Nonetheless, ASL's calibrated expansion approach in this business to reduce the cash burn helps mitigate the concern to some extent.

Environmental and Social Risks

Environmental considerations: ASL has low exposure to environmental risks. The sector, however, faces physical climate risk, which can lead to store disruptions and supply chain risk. However, ASL's diversified store portfolio mitigates the risk to some extent.

Social considerations: Increasing usage of customer data following growing penetration of e-commerce poses data privacy and legal risks for retail entities. Being a manpower intensive segment, entities like ASL are exposed to the risks of business disruption due to inability to properly manage human capital in terms of their safety and overall well-being. As a retailer, the company is also subject to social factors such as responsible sourcing, product, and supply chain sustainability, given the high reliance on external suppliers.

Liquidity position: Strong

The liquidity profile of ASL is expected to remain strong, backed by healthy cash flows, in addition to the unencumbered cash and bank balance and liquid investments of Rs. 189 crore as on September 30, 2025. The company is expected to add 10-20% of the base number of stores (as on March 31, 2025) in FY2026, which are likely to be funded through internal accruals. ICRA estimates the capital expenditure (capex) requirement of Rs. 3,000-3,300 crore each in the next two years against which the cash flows from operations are expected to be Rs. 3,800-4,000 crore per annum. Moreover, the company has negligible utilisation of its fund-based limits of Rs. 475 crore (of which Rs.105 crore is not allotted to any particular bank and it can be availed from any of the banks in consortium), which provide additional liquidity buffer. Apart from this, it has OD against FD limit of Rs.440 crore, which is utilised occasionally. The company does not have any long-term debt repayment obligations.

Rating sensitivities

Positive factors –Not applicable

Negative factors – Any significant and sustained weakening in the company's profitability and/or any large capex or investment outlay, leading to weakening of its liquidity position and credit metrics, could result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Retail Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of ASL. As on September 30, 2025, the company had five subsidiaries, which are all enlisted in Annexure-2

About the company

Avenue Supermarts Limited (ASL) is engaged in the organised F&G retail business in India through its DMart chain of stores. The company was incorporated in 2000. In 2002, Mr. Radha Kishan Damani along with his family members launched its first supermarket store under the name, DMart, in Mumbai, Maharashtra with the objective to facilitate one-stop shop convenience for the customers' everyday shopping needs at a competitive pricing at right product assortment. It offers customers with a wide range of products across foods, non-foods (FMCG) and general merchandise and apparel product categories. The total store count stood of 432 and is spread across 17.9 million sq. ft. of retail space as on September 30, 2025.

Key financial indicators (audited)

Avenue Supermarts Limited (consolidated)	FY2024	FY2025	H1 FY2026*
Operating income	50,788.8	59,358.1	33,036.0
PAT	2,535.6	2,707.5	1,457.7
OPBDIT/OI	8.1%	7.6%	7.6%
PAT/OI	5.0%	4.6%	4.4%
Total outside liabilities/Tangible net worth (times)	0.1	0.1	0.2
Total debt/OPBDIT (times)	0.1	0.2	0.3
Interest coverage (times)	70.6	64.7	39.1

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; *BSE results*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)				Chronology of rating history for the past 3 years					
					FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jan 05, 2026	September 10, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial Paper Programme	Short Term	500.0	[ICRA]A1+	[ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial Paper	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA*	Commercial Paper Programme	NA	NA	NA	500.0	[ICRA]A1+

*Source: Company * proposed to be listed*

Annexure II: List of entities considered for consolidated analysis

Company name	ASL ownership	Consolidation approach
Align Retail Trades Private Limited	100.00%	Full Consolidation
Avenue Food Plaza Private Limited	100.00%	Full Consolidation
Avenue Ecommerce Limited	99.74%	Full Consolidation
Nahar Seth & Jogani Developers Private Limited	90.00%	Full Consolidation
Reflect Healthcare and Retail Private Limited	100.00%	Full Consolidation

Source: ASL quarterly results H1 FY2026

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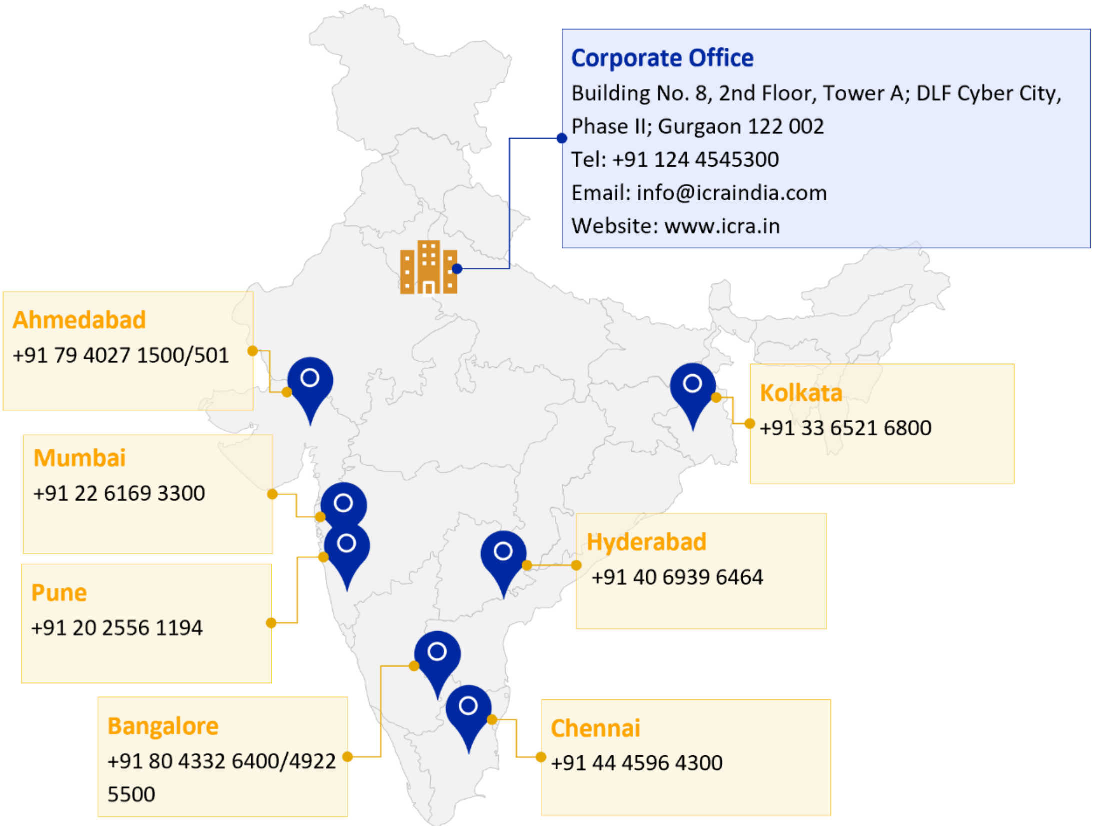

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